



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Sen. Chuck Grassley
Hearing, "Medicare Drug Discount Card:
Delivering Savings for Participating Beneficiaries"
Tuesday, June 8, 2004

Today's hearing is on the Medicare-approved drug discount card program, which just got under way. I think it is important for the Committee to learn more about its early implementation and significance, particularly for our nation's low-income Medicare beneficiaries. Today's witnesses will offer an array of perspectives on the card program, and we appreciate your taking the time to be with us. I'd like to welcome Dr. McClellan, who is making his first appearance before the committee in his new role as administrator of the Centers for Medicare and Medicaid Services. I'd also like to welcome my fellow Iowan, Kris Gross, who does a superb job in heading our State Health Insurance Information Program. The SHIIPs are a tremendous resource for beneficiaries.

I know we're all well-versed in the basic mechanics of the drug card program, so I won't spend any time going through them. The program offers beneficiaries immediate relief on their drug costs prior to the start of the voluntary drug benefit in 2006. The drug card is an important first step in filling a void for many of our nation's seniors and disabled, a void that has prevented them from getting life-saving and life-improving prescription drugs. While the program's creation was a bipartisan effort, over the past few months, we have heard an awful lot of criticism about the program even though it started just a week ago. The drug discount card program has been the target of a deliberate campaign to discredit it and confuse seniors about how it works. This effort is driven and coordinated by those who opposed the Medicare Modernization Act not because of policy, but because of politics. This kind of politically-motivated subterfuge disappoints me. It's a disservice to the millions of older Americans and people with disabilities who can benefit from a Medicare-approved drug discount card.

I'm not alone in this view. Just last week, the Centrist Policy Network wrote, "Democrats are the opposition party in Congress, and they're supposed to raise questions. But discouraging seniors from enrolling in the Medicare drug discounts cards is too much. The average Martian would be justifiably perplexed about why the Democratic leadership wants to repeal a program that does no one harm, might actually help quite a few people, and offers a significant benefit to low-income seniors."

Through this program Medicare beneficiaries have access to discounts on their prescription drugs, and low-income beneficiaries can get \$1,200 in direct assistance between now and the end of the program. Now, we may hear additional criticism this morning, but the point of this hearing is to clear the air and to provide objective information because that is what seniors and people with

disabilities deserve. In particular, I want to commend the Access to Benefits Coalition, which we will hear from today during the second panel. The ABC, as it is called, is made up of organizations that have put politics aside to make sure that beneficiaries, particularly those with low incomes, get the assistance they deserve. Many of these organizations did not support the passage of the original bill, but they have agreed to put that aside, move on, and now help seniors obtain these benefits. I believe that these organizations should be commended for stepping forward to work together to help beneficiaries learn about the lower prices they can get through a discount card.

I've done some checking into the discounts these cards can offer beneficiaries, and let me tell you what I found. A beneficiary living in Waterloo, Iowa, with an income of \$12,000 a year who takes Celebrex, Norvasc, and Zocor would pay around \$7,300 at her local pharmacy from now until the end of 2005. The beneficiary gets her prescriptions filled at the local pharmacy because she knows and trusts the pharmacist. Like many, she does not want to order drugs through the mail. She could save over \$1,300 – that is 20 percent – off her three medications by using a Medicare discount card. The \$1,300 by itself is a pretty big savings. But she also qualifies for the transitional assistance so she won't pay an enrollment fee if there is one. In addition, she will receive additional assistance from drug manufacturers when she signs up for a drug card. Beneficiaries who qualify for transitional assistance can automatically get these additional manufacturers' discounts upon enrollment in a card. The Medicare drug card has dramatically simplified these benefits by making all of them available through one card. I hope that card sponsors will work with as many drug manufacturers as possible so that low-income beneficiaries can access all these discounts.

So, when she combines the \$1,200 in transitional assistance with the additional manufacturers' assistance offered through her card, she will save \$6,300. That is a 90 percent savings for her. Ninety percent savings. To me that's real savings. And to those who say this discount card program provides no real benefits my only conclusion is that they are the ones who are confused. I'll be the first to admit that some issues have surfaced that need to be worked out, but that's not unusual with a new program. Medicare itself experienced some start-up issues. In commenting on implementation efforts, Bob Ball, former of commissioner of Social Security, said, "To a remarkable degree, opponents as well as supporters [of Medicare] tried hard to be helpful." For the sake of beneficiaries, we should heed his words and work in that spirit today.

More recently, the State Children's Health Insurance Program (S-CHIP) faced some challenges. Only 982,000 recipients – less than 20% of the enrollment goal of 5 million set by the Clinton Administration – enrolled in S-CHIP during its first year. In the first five weeks that beneficiaries have been able to enroll in the Medicare-approved discount drug card, CMS succeeded in enrolling nearly 40% of its goal of 7.4 million. That's a great start after just five weeks. I think we'd all agree that it was a good thing we did not give up on Medicare or S-CHIP in their early stages. I know that Dr. McClellan will comment on efforts to address some of the early implementation issues. I am also looking forward to hearing from our other witnesses and to clearing up some of the misconceptions about the card program. I'm proud of our bipartisan accomplishment in delivering real relief to beneficiaries. Senator Baucus and Senator Breaux were instrumental in achieving that accomplishment. Now it's time to put politics aside and give the card program a chance to work. Our nation's Medicare beneficiaries – who can clearly benefit – simply deserve nothing less.